

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 AGRE-00 CIAE-00 COME-00 EB-07
INR-07 LAB-04 NSAE-00 EPG-02 SP-02 STR-04 TRSE-00
FRB-03 OMB-01 XMB-02 /042 W
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P R 020910Z JUN 77

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 8293

INFO AMCONSUL OSAKA

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E.O. 11652: N/A

TAGS: EFIN, JA

SUBJECT: EXIM SUPPORT OF COTTON SALES TO JAPAN

REF: STATE 125080

1. GIVEN THEIR OVER QUARTER CENTURY EXPERIENCE WITH COTTON CREDITS, INTERESTED WASHINGTON AGENCIES AND U.S. COTTON INDUSTRY ARE MUCH BETTER PLACED THAN EMBASSY TO MAKE MOST JUDGMENTS REQUESTED REFTEL. HOWEVER, EMBASSY NOTES THAT JAPANESE COTTON SPINNERS SUGGEST THAT IN RECENT YEARS ONLY ABOUT 30 PERCENT OF JAPANESE IMPORTS OF U.S. COTTON WERE SUPPORTED BY EXIM, THIS SUGGESTS THAT POTENTIAL IS ALREADY GREAT FOR JAPANESE IMPORTERS TO SWITCH TO OTHER SOURCES OF SUPPLY, SHOULD OTHER SOURCES BE MORE ATTRACTIVE.

2. IT SEEMS TO EMBASSY THAT CRITICAL ELEMENT IN EVALUATION PROPOSED SHIFT IN METHOD OF EXIM SUPPORT FOR U.S. COTTON SALES IS WHETHER GUARANTEE FACILITY WOULD RESULT IN SUBSTANTIALLY LESS ATTRACTIVE FINANCING PROPOSITION FOR JAPANESE COTTON INDUSTRY, WHICH WASHINGTON AGENCIES ALSO ARE IN A BETTER POSITION TO JUDGE. OBVIOUSLY, PROPOSED

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SWITCH TO GUARANTEE OF PRIVATE BANK LENDING IS NOT GOING TO HAVE A FAVORABLE IMPACT ON THE CLIMATE FOR U.S. COTTON SALES TO JAPAN GIVEN STRONG PSYCHOLOGICAL AND INSTITUTIONAL FACTORS BUILT INTO JAPAN'S COTTON IMPORT AND SPINNERS SYSTEM THIS PAST QUARTER CENTURY FAVORING X-M CREDITS, BUT UNLESS THE TERMS OF THE GUARANTEE CREDITS ARE SUBSTANTIALLY LESS FAVORABLE IT SEEMS THAT SUCH A SWITCH WOULD NOT IN CURRENT CIRCUMSTANCES

GREATLY ENHANCE THE PROSPECTS THAT THE PATTERN OF JAPANESE COTTON IMPORTS WOULD BE SHIFTED.

3. EMBASSY FINDS IT DIFFICULT TO BELIEVE THAT IT WOULD BE "VERY DIFFICULT" TO OBTAIN AN EXCEPTION TO THE MINISTERIAL ORDINANCE ON STANDARD METHOD OF SETTLEMENT TO FACILITATE THE USE OF A GUARANTEE CREDIT. JAPANESE GOVT IS ALREADY CONCERNED ABOUT CONDITIONS IN TEXTILE INDUSTRY, AND IT SEEMS TO US UNLIKELY THAT IT WOULD INSIST ON STANDARD METHOD OF SETTLEMENT IF COTTON INDUSTRY WANTED TO SETTLE FOR GUARANTEE ARRANGEMENT.
SHOESMITH

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Message Attributes

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Current Classification: UNCLASSIFIED
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Control Number: n/a
Copy: SINGLE
Sent Date: 02-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
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